

SALDANHA BAY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 54, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

J. Du Plessis
Acting Municipal Manager

31 August 2007

Date

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SALDANHA BAY MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		358 181 543	270 058 590
Housing Development Fund	1	34 259 197	42 001 232
Capital replacement reserve		99 321 665	83 650 945
Capitalisation reserve		25 907 538	35 869 272
Government grant reserve		57 665 683	35 831 716
Donations and public contribution reserves		1 545 554	1 545 554
Self-insurance reserve		2 278 346	2 364 193
COVID reserve		0	-
Revaluation reserve		0	-
Accumulated Surplus/(Deficit)		137 203 560	68 795 678
Non-current liabilities		73 306 617	81 414 720
Long-term liabilities	2	67 806 617	75 914 720
Non-current provisions	3	5 500 000	5 500 000
Current liabilities		80 787 280	69 446 153
Consumer deposits	4	7 636 799	6 952 736
Provisions	5.1	8 312 123	6 451 166
Creditors	5	27 422 070	28 445 721
Unspent conditional grants and receipts	6	22 752 375	14 319 349
VAT	7	4 626 320	4 373 483
Short-term loans		0	-
Bank overdraft	14	0	-
Current portion of long-term liabilities	2	10 037 593	8 903 698
Total Net Assets and Liabilities		512 275 440	420 919 463
ASSETS			
Non-current assets		229 451 083	195 643 609
Property, plant and equipment	10	226 356 712	184 916 383
Investment property		0	-
Investments		0	-
Long-term receivables	8	3 094 371	10 727 226
Current assets		282 824 357	225 275 854
Inventory	9	3 217 966	2 372 870
Consumer debtors	11	31 651 897	19 290 426
Unpaid conditional grants	12	19 238 759	15 674 093
VAT	7	6 449 172	-
Current portion of long-term receivables	8	250 654	630 123
Call investment deposits	13	195 000 000	165 000 000
Bank balances and cash	14	27 015 909	22 308 342
Total Assets		512 275 440	420 919 463

SALDANHA BAY MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
REVENUE			
Property rates	15	63 224 438	58 544 816
Property rates - penalties imposed and collection charges		2 100 960	1 375 360
Service charges	16	180 086 649	157 373 581
Rental of facilities and equipment		7 602 685	6 752 572
Interest earned - external investments		17 935 326	12 154 919
Interest earned - outstanding debtors		2 545 480	1 882 408
Fines		1 935 036	2 803 540
Licences and permits		798 292	1 095 598
Income for agency services		2 252 578	132 268
Government grants and subsidies	17	53 290 524	18 047 430
Other income	32	16 469 881	43 542 927
Public contributions and donations		2 773 069	-
Gains on disposal of property, plant and equipment		807 320	-
Total Revenue		351 822 237	303 705 419
EXPENDITURE			
Employee related costs	18	81 630 075	74 686 949
Remuneration of Councillors	19	5 150 910	2 486 306
Bad debts		371 272	-
Collection costs		-	-
Depreciation		18 633 751	13 923 372
Repairs and maintenance		16 442 617	11 658 701
Interest paid	20	7 939 355	9 473 473
Bulk purchases	21	65 362 908	67 923 352
Contracted services		1 310 639	-
Grants and subsidies paid	22	22 662 900	5 362 068
General expenses		39 892 872	33 559 253
Loss on disposal of property, plant and equipment		-	-
Housing Schemes Top Structures written out		3 893 665	-
Total Expenditure		263 290 964	219 073 475
SURPLUS/(DEFICIT) FOR THE YEAR		88 531 273	84 631 944
Share of surplus/(deficit) of associate accounted for under the equity method		-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		88 531 273	84 631 944
Refer to Appendix E(1) for the comparison with the approved budget.			

SALDANHA BAY MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	<u>Housing Dev Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Self- Insurance Reserve</u>	<u>COID Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R	R
2006										
Balance at 1 July 2005	36 452 420	45 937 131	45 030 095	20 809 140	1 604 688	2 503 501	-	-	81 848 905	234 185 880
Implementation of GRAP	-	-	-	-	-	-	-	-	(48 558 679)	(48 558 679)
Correction of error	-	-	-	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	36 452 420	45 937 131	45 030 095	20 809 140	1 604 688	2 503 501	-	-	33 290 226	185 627 201
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	84 431 389	84 431 389
Transfer of Provision for Bad Debts.	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	88 287 153	-	-	-	-	-	-	(88 287 153)	-
Property, plant and equipment purchased	-	(50 573 340)	-	(325 771)	-	-	-	-	50 899 111	-
Capital grants used to purchase PPE	-	-	-	-	-	-	-	-	-	-
Donated/contributed PPE	-	-	-	16 221 882	837 887	-	-	-	(17 059 770)	-
Transfer to CR	-	-	(146 373)	-	-	-	-	-	146 373	-
Contribution to Insurance Reserve	-	-	-	-	-	(139 308)	-	-	139 308	-
Insurance claims processed	-	-	-	-	-	-	-	-	-	-
Transfer to Housing Development Fund	5 548 812	-	-	-	-	-	-	-	(5 548 812)	-
Asset disposals	-	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(9 014 450)	(873 535)	(897 021)	-	-	-	10 785 007	-
Balance at 30 June 2006	42 001 232	83 650 945	35 869 272	35 831 716	1 545 554	2 364 193	-	-	68 795 678	270 058 590
2007										
Correction of error	-	-	-	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance	42 001 232	83 650 945	35 869 272	35 831 716	1 545 554	2 364 193	-	-	68 795 678	270 058 590
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	86 769 284	86 769 284
Transfer of Provision for Bad Debts.	-	-	-	-	-	-	-	-	1 353 669	1 353 669
Transfer to CRR	-	45 825 273	-	-	-	-	-	-	-45 825 273	-
Property, plant and equipment purchased	-	(30 154 553)	-	-	-	-	-	-	30 154 553	-
Capital grants used to purchase PPE	-	-	-	28 885 135	-	-	-	-	-28 885 135	-
Donated/contributed PPE	-	-	-	(2 136 956)	-	-	-	-	2 136 956	-
Transfer to CR	-	-	-	-	-	-	-	-	0	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	0	-
Insurance claims processed	-	-	-	-	-	(85 847)	-	-	85 847	-
Transfer to(from) Housing Development Fund	(7 742 035)	-	-	-	-	-	-	-	7 742 035	-
Asset disposals	-	-	-	-	-	-	-	-	0	-
Offsetting of depreciation	-	-	(9 961 734)	(4 914 211)	-	-	-	-	14 875 945	-
Balance at 30 June 2007	34 259 197	99 321 665	25 907 538	57 665 683	1 545 554	2 278 346	-	-	137 203 560	358 181 543

SALDANHA BAY MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		-	-
Cash paid to suppliers and employees		-	-
Cash generated from/(utilised in) operations	23	82 237 479	104 872 812
Interest received		17 935 326	12 154 919
Interest paid		(7 939 355)	(9 473 473)
NET CASH FROM OPERATING ACTIVITIES		92 233 451	107 554 258
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(60 055 384)	(58 835 867)
Proceeds on disposal of property, plant and equipment		807 320	213 373
(Increase) / Decrease in investment properties		-	-
(Increase)/decrease in non-current receivables		8 012 324	893 532
(Increase) / Decrease in non-current investments		-	-
NET CASH FROM INVESTING ACTIVITIES		(51 235 739)	(57 728 962)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(6 974 209)	9 084 126
Increase / (Decrease) in consumer deposits		684 064	1 037 288
Increase / (Decrease) in short-term loans		-	-
NET CASH FROM FINANCING ACTIVITIES		(6 290 145)	10 121 414
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34 707 567	59 946 709
Cash and cash equivalents at the beginning of the year		22 308 342	37 361 633
Cash and cash equivalents at the end of the year		27 015 909	22 308 342
Increase / (Decrease) in call investments deposits		30 000 000	75 000 000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34 707 567	59 946 709

SALDANHA BAY MUNICIPALITY

ACCOUNTING POLICY FOR THE YEAR ENDED 30 JUNE 2007

1. Summary of significant accounting policies for the year ended 30 June 2007

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).

1.5 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.7 Reserves

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- If a gain or loss is made on the sale of assets the gain or loss on the sale of assets is reflected in the Statement of Financial Performance. The full proceeds on the sale of all PPE are transferred to the CRR.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The contribution to the CRR by the relevant votes will be based on the previous year's cost price of the fixed assets controlled by that votes. The Council has three strategic votes as defined by the Municipal Finance Management Act, 2003 (Act 56 of 2003).
- The Council determines annually to contribute between 8% and 12% of the previous year's own income to the CRR.
- The current year's contribution may only be utilised for financing of capital expenditure in the following year.

1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on

current values, are credited or charged to the Statement of Financial Performance.

1.7.6 Self Insurance Reserve

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- *Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.*
- The Council determines annually to contribute between 0.1% and 0.5% of the previous year's own income to the Self Insurance Reserve...
- *The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.*
- Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.
- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Unappropriated Surplus via the Statement of changes in net assets.
- Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Unappropriated Surplus account via the Statement of Changes in Net Assets.

1.8 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.9 Leases

1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.13 Employee Benefits

(a) *Pension obligations*

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in

which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q)]

1.14 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.17 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.18 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R10 000 per item of PPE. Where the value of bulk purchases of PPE with values of less than R 10 000 per item exceeds R 30 000, these items are recognised as PPE in the Statement of Financial Position.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
1 Infrastructure		2 Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.19 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*
- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable

amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

1.22 Financial Assets

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

(b) Investment in Associate

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

(c) *Investment in Municipal Entities*

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

(c) *Interests in Joint Ventures*

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost.

Jointly Controlled Operations

The Municipality recognises the assets that it controls, the liabilities and expenses that it incurs as well as its share in the revenue that it earned from the sale or provision of goods or services by the joint venture.

Jointly Controlled Assets

The Municipality's share of the jointly controlled assets and liabilities is recognised in the statement of financial position and is classified according to their nature. Revenue from the sale or use of the Municipality's share of the output of the jointly controlled assets, and its share of the expenses incurred is recognised in the statement of financial performance.

Jointly Controlled Entities

Interests in jointly controlled entities are stated at cost.

1.23 Inventories

Consumable stores, raw materials, work in progress and finished goods are valued at the lower of cost, determined on the weighted average cost basis, and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to its present location and condition.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

1.24 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. The provision for bad debts is based on all debtors older than 90 days plus the unutilised portion of the Equitable Share allocation for 2006/7, as at 30 June 2007. (R7 178 770: Council resolution R16/6-07). When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.25 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than one year, and bank overdrafts.

1.26 Revenue Recognition

Service charges relating to Electricity and Water are based on consumption. Meters are read and billed on a monthly basis and revenue is recognized when billed. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when billed. Adjustments to estimates of consumption are made in the billing period when meters have been read. These adjustments are recognized as revenue in the billing period.

Sewerage charges are levied and billed on an annual basis based on the municipality's Tariff Policy.

Refuse charges are levied and billed on a monthly basis based on the municipality's Tariff Policy.

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is accrued when received.

Income in respect of housing rental and instalments are accrued monthly in advance.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from non-exchange transactions

Revenue from rates is recognized, net of rebates granted, when the legal entitlement to this revenue arises. A Differential Rating system is applied. In terms of this system assessment rates are levied on the land and improvements value of property and rebates are granted subject to certain conditions. A composite rating system charging different rate tariffs for different categories of ratepayers is employed.

Collection charges are recognized when such amounts are legally enforceable.

Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the Courts and paid over to the

Municipality. Due to the various legal processes that can apply to summonses and the inadequate information received from the Courts, it is not possible to measure this revenue when the summons is issued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.28 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of

Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

Accounting Policy

	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	34 259 197	42 001 232
Unappropriated Surplus	34 259 197	42 001 232
Loans extinguished by Government on 1 April 1998	-	-
The Housing Development Fund is represented by the following assets and		
Property, plant and equipment (see note 9)	-	-
Housing selling scheme loans	-	-
Other Debtors	3 908 204	20 598 693
Unauthorised use of cash for other purposes	-	-
Bank and cash	30 549 138	21 834 539
Sub-total	34 457 342	42 433 232
Creditors	(198 145)	(432 000)
Total Housing Development Fund Assets and Liabilities	34 259 197	42 001 232
2 LONG-TERM LIABILITIES		
Local Registered Stock Loans	-	-
Annuity Loans	75 048 859	84 818 418
Capitalised Lease Liability	2 795 350	-
Sub-total	77 844 209	84 818 418
Less : Current portion transferred to current liabilities	(10 037 593)	(8 903 698)
Local Registered Stock Loans	-	-
Annuity Loans	(9 582 577)	(8 903 698)
Capitalised Lease Liability	(455 015)	-
Government Loans : Other	-	-
Total External Loans	67 806 617	75 914 720
The capitalised lease liability is secured over the item of infrastructure		
The future payments on the leases are as follows:	Within 1 Year	Rest of period
Interest Payments	86 553	37 230
Redemption	455 015	2 340 335
	541 568	2 377 564
More information on Appendix "A"		
3 NON-CURRENT PROVISIONS		
Provision for reclamation of refuse landfill site	500 000	500 000
Provision for Post Retirement Benefits	5 000 000	5 000 000
	-	-
Total Non-Current Provisions	5 500 000	5 500 000

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q))

The Municipality has started to accumulate provisions in order to prepare to fully comply with its commitments over a period of time which is encompassed in a business plan.

	2007 R	2006 R
3 NON-CURRENT PROVISIONS		
	Landfill	Post retirement Benefits
The movement in the non-current provisions are reconciled as follows: -		
30 June 2007		
Balance at beginning of year	500 000	5 000 000
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	500 000	5 000 000
30 June 2006		
Balance at beginning of year	-	-
Contributions to provision	500 000	5 000 000
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	500 000	5 000 000
	2007 R	2006 R
4 CONSUMER DEPOSITS		
Electricity	4 323 187	3 834 185
Water	3 313 612	3 118 551
Interest	-	-
Total Consumer Deposits	7 636 799	6 952 736
Guarantees held in lieu of Electricity and Water Deposits	636 060	567 111
	2007 R	2006 R
5 CREDITORS		
Trade creditors	23 643 510	24 737 055
Unallocated Creditors	2 166 048	2 183 620
Control Account	1 422 619	1 380 585
Deposits: Other	189 893	144 461
Other creditors	-	-
Total Creditors	27 422 070	28 445 721
5.1 PROVISIONS		
Staff leave	4 178 518	3 565 214
Annual Bonus	3 263 172	2 150 000
Performance bonus	337 636	285 887
Long service Bonus	532 797	450 065
	8 312 123	6 451 166

	2007 R	2006 R
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
6.1 Conditional Grants from other spheres of Government	21 349 542	12 822 019
Conditional Government Grants	21 349 542 -	12 822 019 -
6.2 Other Conditional Receipts	1 402 834	1 363 837
Public contributions	- 1 402 834	- 1 363 837
Total Conditional Grants and Receipts	22 752 375	14 185 856

See Note 17 for reconciliation of grants from other spheres of government. These amounts are invested until utilized

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

7 VAT

VAT payable (Output)	4 626 320	4 373 483
VAT receivable (Input)	6 449 172	-

VAT is payable on the receipts basis. Only when payment is received from debtors, VAT is paid over to SARS.

8 LONG-TERM RECEIVABLES

Other	34 250	34 250
Sport Clubs	24 935	26 573
Sale of Land	110 553	2 551 598
Vehicle loans	413 788	906 798
Housing selling scheme loans	2 761 500	7 838 131
	3 345 025	11 357 349
Less : Current portion transferred to current receivables	250 654	630 123
Car loans	135 260	331 118
Sewerage connection loans	-	-
Electricity appliance purchase scheme	-	-
Housing selling scheme loans	115 394	299 005
Total	3 094 371	10 727 226

9 INVENTORY

Consumable stores – at cost	3 118 066	2 320 660
Water – at cost	99 900	52 210
Total Inventory	3 217 966	2 372 870

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
- The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

11 CONSUMER DEBTORS

	R	R	R
	Gross Balances	Provision for Bad Debts	Net Balances
As at 30 June 2007			
Service debtors	64 603 368	-	64 603 368
Rates	12 256 312	-	12 256 312
Electricity	5 436 910	-	5 436 910
Water	19 548 266	-	19 548 266
Refuse removal	10 125 718	-	10 125 718
Debtpack	-	-	-
Sewerage	10 337 858	-	10 337 858
Sundry Debtors - Billing System	6 898 304	-	6 898 304
Housing	9 829 082	-	9 829 082
Sub Total	74 432 450	-	74 432 450
Note: Debtors Paid in advance ("unallocated credits") netted off in Age Analysis below but excl. in Debtors above as it is shown under Creditors (See Note 5)			
Cash Advances (Floats)	13 074	-	13 074
Sundry Debtors - Other	19 713 723	-	19 713 723
Current debtors (Consumers and other)	-	(62 507 350)	(62 507 350)
Total	94 159 247	(62 507 350)	31 651 897

As at 30 June 2006			
Service debtors	40 796 718	-	40 796 718
Rates	11 147 347	-	11 147 347
Electricity	5 543 737	-	5 543 737
Water	15 506 403	-	15 506 403
Sewerage	8 599 230	-	8 599 230
Regional Service Levies	-	-	-
Housing rentals	12 737 769	-	12 737 769
Cash Advances (Floats)	14 074	-	14 074
Sundry Debtors	22 424 114	-	22 424 114
Current debtors (Consumers and other)	-	(56 682 249)	(56 682 249)
Total	75 972 675	(56 682 249)	19 290 426

	2007	2006
	R	R
The following amount was written off as bad debts during the year	371 272	378 803

Rates: Ageing

Current (0 – 30 days)	2 992 979	2 955 349
31 - 60 Days	387 769	304 341
61 - 90 Days	374 066	251 937
91 - 120 Days	466 714	214 022
121 - 365 Days	2 535 486	2 271 258
+ 365 Days	5 499 298	3 719 111
Total	12 256 312	9 716 018

Levy Debtors: Ageing

Current (0 – 30 days)	11 232 249	12 673 611
31 - 60 Days	1 383 881	1 230 883
61 - 90 Days	1 306 863	1 055 900
91 - 120 Days	986 644	1 042 228
121 - 365 Days	6 916 465	6 179 526
+ 365 Days	23 586 193	17 469 806
Total	45 412 295	39 651 954

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	2007 R	2006 R
<u>Other Debtors: Ageing</u>		
Current (0 – 30 days)	(1 472 634)	(1 415 374)
31 - 60 Days	300 348	120 877
61 - 90 Days	85 118	145 038
91 - 120 Days	33 952	187 729
121 - 365 Days	1 043 664	1 551 635
+ 365 Days	4 743 336	12 932 937
Total	4 733 784	13 522 842

<u>Housing rentals: Ageing</u>		
Current (0 – 30 days)	(2 148)	188 134
31 - 60 Days	60 171	66 454
61 - 90 Days	4 036 083	66 645
91 - 120 Days	22 398	64 747
121 - 365 Days	262 688	534 050
+ 365 Days	5 412 695	7 452 945
Total	9 791 887	8 372 975

Summary of Debtors by Customer Classification

30 June 2007

	<u>Consumers</u> R	<u>Industrial/ Commercial</u> R	<u>National and Provincial Government</u> R
Current (0 – 30 days)	6 256 141	5 695 176	799 129
31 - 60 Days	1 791 385	302 660	38 124
61 - 90 Days	5 425 974	331 915	44 241
91 - 120 Days	1 224 066	245 719	39 923
121 - 365 Days	8 490 600	1 448 309	819 394
+ 365 Days	35 911 314	2 388 820	941 388
Sub-total	59 099 481	10 412 598	2 682 200
Less: Provision for bad debts	-	-	-
Total debtors by customer classification	59 099 481	10 412 598	2 682 200

Summary of Debtors by Customer Classification

30 June 2006

	<u>Consumers</u> R	<u>Industrial/ Commercial</u> R	<u>National and Provincial Government</u> R
Current	9 827 494	3 962 071	612 155
Current (0 – 30 days)	1 467 527	216 849	38 179
31 - 60 Days	1 375 553	118 537	25 430
61 - 90 Days	1 308 292	174 751	25 683
91 - 120 Days	9 117 255	1 125 414	293 800
121 - 365 Days	38 928 727	2 003 251	642 821
Sub-total	62 024 848	7 600 873	1 638 068
Less: Provision for bad debts	-	-	-
Total debtors by customer classification	62 024 848	7 600 873	1 638 068

Reconciliation of the bad debt provision

	2007 R	2006 R
Balance at beginning of the year	56 682 249	17 321 052
Contributions to provision	5 825 101	39 740 000
Bad debts written off against provision	-	(378 803)
Reversal of provision	-	-
Balance at end of year	62 507 350	56 682 249

12 OTHER DEBTORS

	R	R
Payments made in advance	-	-
Unauthorized expenditure (see Note 35)	-	-
Fruitless and wasteful expenditure (see Note 35)	-	-
Unpaid conditional Grants	19 238 759	15 540 600
Insurance claims	-	-
Government subsidies	-	-
Total Other Debtors	19 238 759	15 540 600

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
13 CALL INVESTMENT DEPOSITS		
Call deposits	195 000 000	165 000 000
Other Deposits	-	-
	<hr/>	<hr/>
Average Rate of Return on Investments	8.20%	7.10%
Investments include unspent conditional grants and CRR.		

14 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

Standard Bank - Cheque Account - Vredenburg Branch
Account Number 08 243 7238

Cash book balance at beginning of year	22 308 342	37 361 633
Cash book balance at end of year	<u>27 015 909</u>	<u>22 308 342</u>
Bank statement balance at beginning of year	24 974 913	40 341 148
Bank statement balance at end of year	<u>24 882 057</u>	<u>24 974 913</u>

15 PROPERTY RATES

Actual

Property Rates: Zero Rate	-1 284 075	(1 515 217)
Property Rates: Pensioners	-37 220	(41 581)
Property Rates: Pensioners	-	41 581
Building Clause Levy	102 689	87 301
Contribution: Housing	-	13 080
Property Rates	66 420 034	64 091 778
Property Rates: Zero Rate	-	281 760
Property Rates: Government Contributions	-	-
Previous Year Levies	-	2 742
Property Rates	-	(40 169)
Property Rates: Legal Rebates	-1 976 991	(4 376 459)
Total Assessment Rates	<u>63 224 438</u>	<u>58 544 816</u>

Property Valuations

	<u>July 2006</u>	<u>July 2005</u>
	<u>R000's</u>	<u>R000's</u>
Residential	3 080 424 840	2 752 300 540
Commercial	836 899 010	878 321 210
State	413 324 000	412 800 500
Other	84 146 700	1 290 000
Farms	272 011 637	255 016 037
Total Property Valuations	<u>4 686 806 187</u>	<u>4 299 728 287</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2002. Rebates of 50% are granted to residential and 20% to state property owners. Single Home - 50%, Zoned for Farming - 97.4%, Nature Reserves - 75%, Total valuation R22 000 or less - 100%, Pensioners Income < R19 680 - 40%, Income < R21 600 - 30%, Income < R23 800 - 20%. Rates are levied on an annual basis with the final date of payment being 30 September. On application, rate payers may pay monthly. Interest at the standard interest rate per annum is levied on outstanding rates.

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
16 SERVICE CHARGES		
Refuse Removal Levies	15 023 096	14 044 072
Departmental Usage	4 417 370	3 090 004
Availability Levies	3 379 306	2 930 074
Basic Minimums	26 660 652	24 819 457
Connection Fees	2 472 856	1 814 570
Sundry	-	120 447
Refuse Removals : "Skips"	580 935	621 537
Basic (Minimum) Departemental	384 561	-
Pump Removals Levies	405 398	361 877
Departmental Levies: "Vloei gelde"	51 971	46 723
Sewerage Levies: Industrial (Basic)	1 330 835	1 317 523
Sewerage Removal Levies - Housing	5 691	5 542
Sewerage Removal Levies - "Vloei gelde"	4 409 084	3 851 572
Water sold - Purified Sewerage Water	360 768	74 632
Water sold	56 091 915	49 863 332
Budget Meters: Electricity	13 956 354	12 144 307
Electricity Sold	50 034 904	41 686 383
5% Levies on DSP Accounts	520 953	581 530
Total Service Charges	180 086 649	157 373 581

	2007 R	2006 R
17 GOVERNMENT GRANTS AND SUBSIDIES		
Finance Management Grant	231 332	788 997
Management Support Program	-	26 545
Skill Development Program SETA	271 236	104 785
Performance Management System	-	60 000
Government Grant - Capital contributions	28 653 803	3 942 479
Subsidies - Main Roads	40 000	39 601
Primary Health (PAWK)	2 707 386	3 817 689
Equitable Share	12 369 285	9 184 884
TASK	82 940	-
Contribution - Western Cape Cleanup Operation	-	82 450
LED Officer - WCDM	320 000	-
Subsidy: Housing Fund	8 614 542	-
Total Government Grant and Subsidies	53 290 524	18 047 430

17.1 Equitable Share

This grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy, which is funded from this grant.

Amount of monthly indigent subsidy:

100% Subsidy First Category

Timbercity, Middelpos, Whitecity	R 110	R 103
Laingville	R 143	R 135
Formal areas	R 137	R 129

Qualifying income for a household to receive a 100% subsidy is
x2 the monthly state pension per month

50% Subsidy Second Category

Timbercity, Middelpos, Whitecity	R 44	-
Laingville	R 57	-
Formal areas	R 55	-

Qualifying income for a household to receive a 50% subsidy is
x2 the monthly state pension + 30% per month

17 GOVERNMENT GRANTS AND SUBSIDIES (continued)

17.2 Provincial Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in public health vote	2 707 386	3 817 689
Conditions met - transferred to revenue	(2 707 386)	(3 817 689)
Conditions still to be met - transferred to liabilities		
(See note 6)	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
17.3 MIG Grant		
Balance unspent at beginning of year	-	-
Current year receipts	4 528 355	2 782 542
Conditions met - transferred to revenue	(1 889 002)	(2 782 542)
Conditions still to be met - transferred to liabilities (See note 7)	<u>2 639 353</u>	<u>-</u>

This grant was used to construct infrastructure.(Included in votes in Appendix B).

17.4 Provincial LED Projects

Balance unspent at beginning of year	-	-
Current year receipts	320 000	-
Conditions met - transferred to revenue	(320 000)	-
Conditions still to be met - transferred to liabilities (See note 7)	<u>-</u>	<u>-</u>

18 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	-	-
Employee related costs - Contributions for UIF, pensions and medical aids	-	-
Remuneration	52 839 301	48 676 642
Bonuses	5 735 198	4 833 901
Contribution Group Life	1 321 963	1 229 942
Contribution Medical Aid	4 064 347	3 716 829
Contribution Pension Funds	8 507 706	7 973 346
Standby	750 632	689 857
Employment Cost	111 807	165 868
Overtime Payments	3 533 360	3 009 780
Subsidy: Interest	655 021	586 909
Allowance: Transport	1 599 650	1 468 841
Allowance: Tools	720	720
Uniforms/Protective Clothing	520 635	466 334
Leave Payments	400 480	259 956
Increase in Liability for Leave Pay	613 304	-
Insurance: Workmans compensation	445 467	1 129 547
Transport of Furniture	23 908	12 500
UIF	520 308	465 978
Less: Employee costs capitalised to Property, Plant and Equipment	(13 732)	-
Less: Employee costs included in other expenses	-	-
Total Employee Related Costs	<u>81 630 075</u>	<u>74 686 949</u>

Remuneration of the Municipal Manager

Annual Remuneration (From 1 Sept. 2006)	316 485	342 490
Bonuses	-	-
Performance bonus	-	88 720
Car Allowance	85 369	100 931
Severance Package	-	497 896
Pension fund, Leave Pay and Travel Allowance	61 147	79 653
Total	<u>463 001</u>	<u>1 109 689</u>

	2007 R	2006 R
18 EMPLOYEE RELATED COSTS (continued)		
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	231 012	214 754
Bonuses	19 060	17 981
Housing Subsidy	5 751	5 108
Car Allowance	102 760	106 254
Pension fund, UIF, Medical, Group Life & Bargaining Council	65 875	58 343
	<u>424 458</u>	<u>402 440</u>

**Remuneration of Individual Executive Directors
30 June 2007**

	<u>Technical Services</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
Annual Remuneration	279 455	341 829	308 054
Performance Bonuses	64 380	72 562	54 621
Car Allowance	114 000	76 889	134 957
Medical and pension funds	67 277	77 227	-
Acting Allowance	-	20 486	-
Total	<u>525 112</u>	<u>588 993</u>	<u>497 632</u>

30 June 2006

	<u>Technical Services</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
Annual Remuneration	250 336	307 266	285 996
Performance Bonuses	71 147	61 485	61 836
Car Allowance	107 970	73 423	126 708
Medical and pension funds	64 063	71 098	-
Travel Allowance	-	1 690	-
Tax: Motor Loan	-	845	-
Backpay	-	2 185	-
Acting Allowance	-	39 648	-
Total	<u>493 516</u>	<u>557 640</u>	<u>474 540</u>

19 REMUNERATION OF COUNCILLORS

Executive Mayor	482 852	264 894
Deputy Executive Mayor	384 262	228 045
Speaker	360 773	234 260
Mayoral Committee Members	1 113 094	625 678
Councillors	2 585 177	879 766
Councillors' pension contribution	-	151 140
Cell phone Allowance	224 752	102 524
Total Councillors' Remuneration	<u>5 150 910</u>	<u>2 486 306</u>

20 INTEREST PAID

Interest Paid	7 939 355	9 473 473
	-	-
Total Interest on External Borrowings	<u>7 939 355</u>	<u>9 473 473</u>

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
21 BULK PURCHASES		
Electricity	36 598 221	42 117 804
Water	28 764 687	25 805 549
Total Bulk Purchases	65 362 908	67 923 352
22 GRANTS AND SUBSIDIES PAID		
Saldanha Steel - Laingville	193 073	-
Steenberg's Cove Housing Rehabilitation	1 456 790	-
Levy: Skills Development	480 937	-
Boland Rugby Union	9 121	-
Soup Kitchen	140 500	-
Task	56 433	-
Subsidy: Preferred Scheme Housing	8 614 542	-
Indigent Households	11 239 631	5 362 068
Contribution: Finance Management	231 332	-
CDW Program (WCDM)	2 400	-
Pauper Burials	9 142	-
Bursaries	229 000	-
Total Grants and Subsidies	22 662 900	5 362 068
23 CASH GENERATED BY OPERATIONS		
Surplus for the year	88 122 953	84 631 944
Adjustment for:-		
Depreciation	18 615 055	13 923 372
Gain on disposal of property, plant and equipment	(807 320)	-
Contribution to provisions - non-current	-	-
Contribution to provisions – current	1 860 957	-
Contribution to provisions – Bad Debt	-	-
Previous Year	-	(43 703)
Debt written off against Bad Debt Provision	-	-
Equity accounted share of associate's surplus	-	-
Investment income	(17 935 326)	(12 154 919)
Interest paid	7 939 355	9 473 473
Operating surplus before working capital changes:	97 795 673	95 830 168
(Increase) / Decrease in inventories	(845 096)	(79 634)
(Increase) / Decrease in debtors	(12 361 471)	26 931 803
(Increase) / Decrease in other debtors	(3 564 667)	(4 307 335)
Increase / (Decrease) in unspent conditional grants and receipts	8 433 026	2 783 543
Increase / (Decrease) in creditors	(1 023 651)	13 261 069
Increase / (Decrease) in provisions	-	(40 042 676)
(Increase) / Decrease in VAT	(6 196 336)	10 495 874
Cash generated by/(utilised in) operations	82 237 479	104 872 812
24 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	27 015 909	22 308 342
Bank overdraft	-	-
Total cash and cash equivalents	27 015 909	22 308 342

	2007 R	2006 R
25 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 2)	77 844 209	84 818 418
Used to finance property, plant and equipment – at cost	77 844 209	84 818 418
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that long-term liabilities can be repaid on redemption date.

**UNAUTHORISED, IRREGULAR, FRUITLESS AND
26 WASTEFUL EXPENDITURE DISALLOWED**

Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery (note 22)	-	-
Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps/criminal proceedings

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings

Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL
27 FINANCE MANAGEMENT ACT**

27.1 Contributions to organized local government

	2007 R	2006 R
Opening balance	-	-
Council subscriptions	321 938	302 300
Amount paid - current year	(321 938)	(302 300)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

No amounts were outstanding at year-end.

27.2 Audit fees

Opening balance	-	-
Current year audit fee	1 135 650	795 281
Amount paid - current year	(1 126 480)	(795 281)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	9 170	-

The balance unpaid represents audit fees, for audit work conducted during 2006/2007, payable in 2007/2008

27.3 VAT

VAT output payable and VAT Input receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

27.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	7 355 163	7 178 585
Amount paid - current year	(7 355 163)	(7 178 585)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

No amounts were outstanding at year-end.

27.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	18 882 969	89 752 228
Amount paid - current year	(18 882 969)	(89 752 228)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

No amounts were outstanding at year-end.

	2007 R	2006 R
<u>27.6 Other - SA Music Rights and Skill Development Levies</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	471 610	888 407
Amount paid - current year	(471 610)	(888 407)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

No amounts were outstanding at year-end.

27.7 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30 June 2007

	<u>Outstanding more than 90 days</u>
Councillor Mbanze F	3 207
Councillors De Beer JJ & O	4 053
Councillors De Beer JJ & O	642
Councillor Plaatjies P.D	1 028
Total Councillor Arrear Consumer Accounts	8 930

30 June 2006

	<u>Outstanding more than 90 days</u>
Councillor Mbanze F	3 847
Total Councillor Arrear Consumer Accounts	3 847

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30 June 2007		
Councillor Mbanze FFB	3 207	>120days
Councillors De Beer JJ & O	2 046	>120days
Councillors De Beer JJ & O	945	>120days
Councillor Plaatjies P.D	1 432	>120days
Councillor De Beer JJ (Van Wyk)	425	>120days
	8 055	
30 June 2006		
Councillor Mbanze FFB	3 847	120 days

	2007 R	2006 R
28 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure for 2007/08 budget:		
- Approved and contracted for	25 940 945	52 124 526
<i>Infrastructure</i>	25 216 445	37 937 876
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	490 000	3 315 150
<i>Housing Development Fund</i>	234 500	10 871 500
<i>Investment Properties</i>	-	-
- Approved but not yet contracted for	51 412 092	55 509 652
<i>Infrastructure</i>	31 043 000	16 800 762
<i>Community</i>	1 150 000	209 500
<i>Heritage</i>	121 500	-
<i>Other</i>	9 801 092	16 823 290
<i>Housing Development Fund</i>	9 296 500	21 676 100
<i>Investment Properties</i>	-	-
Total	77 353 037	107 634 178

This expenditure will be financed from:

- External Loans	7 510 000	5 068 874
- Capital Replacement Reserve	47 409 545	39 234 670
- Government Grants	12 902 492	21 024 000
- Housing Development Fund	-	4 550 000
- Special Funds	-	100 000
- Housing Board	9 531 000	37 082 600
- Own resources	-	-
- District Council Grants	-	574 034
	77 353 037	107 634 178

29 RETIREMENT BENEFIT INFORMATION

Council and employees contribute mainly to the Cape Joint Pension fund / Provided fund. Last Percentage Funding: 30 June 2006: Cape Joint Pension fund - 111.4% and Cape Joint Retirement Fund - 114.0%. Councillors may belong to an own pension fund. (Information received from www.capejoint.co.za)

30 CONTINGENT LIABILITY

30.1 Legal Costs

Possible loss of costs, incl.legal cost, arising from High Court defended application, due to a claim instituted against the Municipality

1 700 000	270 000
1 700 000	270 000

30.2 Card Production Costs

Possible liability towards Prodiba regarding card production expenditure

339 016	-
339 016	-

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10. PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Infra-structure	Community	Other	Work in Progress	Total
	R	R	R	R	R
Carrying values at 1 July 2006	91 705 292	41 102 632	50 242 261	1 866 197	184 916 383
Cost	312 269 868	80 838 168	129 346 041	1 866 197	524 320 275
Correction of error (note 32)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated depreciation	-220 564 576	-39 735 536	-79 103 780	-	-339 403 892
- Cost	-220 564 576	-39 735 536	-79 103 780	-	-339 403 892
- Revaluation	-	-	-	-	-
Acquisitions	7 980 631	8 528 010	27 925 786	19 533 318	63 967 745
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-
Depreciation	-7 486 115	-985 261	-10 143 679	-	-18 615 055
- based on cost	-7 486 115	-985 261	-10 143 679	-	-18 615 055
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	-713 201	-3 199 161	-3 912 362
Cost/revaluation	-	-	-1 042 852	-3 199 161	-4 242 013
Non-Capital (Cost)	-	-	-	-	-
Accumulated depreciation	-	-	329 651	-	329 651
Impairment losses	-	-	-	-	-
Correction of error	-	-	-	-	-
	92 199 809	48 645 381	67 311 167	18 200 355	226 356 712
Carrying values at 30 June 2007	92 199 809	48 645 381	67 311 167	18 200 355	226 356 712
Cost	320 250 499	89 366 178	156 228 975	18 200 355	584 046 007
Revaluation	-	-	-	-	-
Accumulated depreciation	-228 050 691	-40 720 797	-88 917 808	-	-357 689 295
- Cost	-228 050 691	-40 720 797	-88 917 808	-	-357 689 295
- Revaluation	-	-	-	-	-

Individual Opening Balances corrected from 05/06 to 06/07.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2006

Reconciliation of Carrying Value	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Housing Develop. Fund.</u>	<u>Total</u>
	R	R	R	R	R
Carrying values at 1 July 2005	80 277 701	20 377 341	39 562 219	-	140 217 261
Cost	293 857 077	59 238 781	113 041 691	-	466 137 549
Correction of error (note 32)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated depreciation	(213 579 376)	(38 861 440)	(73 479 472)	-	(325 920 288)
- Cost	(213 579 376)	(38 861 440)	(73 479 472)	-	(325 920 288)
- Revaluation	-	-	-	-	-
Acquisitions	13 386 499	21 599 388	16 011 234	-	50 997 120
Capital under Construction	6 536 500	115 311	1 186 936	-	7 838 747
Increases/decreases in revaluation	-	-	-	-	-
Depreciation	(6 988 408)	(874 096)	(6 060 867)	-	(13 923 372)
- based on cost	(6 988 408)	(874 096)	(6 060 867)	-	(13 923 372)
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	(213 373)	-	(213 373.0)
Cost/revaluation	-	-	(653 142)	-	(653 142)
Non-Capital (Cost)	-	-	-	-	-
Accumulated depreciation	-	-	439 768	-	439 768
Impairment losses	-	-	-	-	-
Correction of error	-	-	-	-	-
	93 212 291	41 217 943	50 486 149	-	184 916 383
Carrying values at 30 June 2006	93 215 500	41 217 943	50 482 940	-	184 916 383
Cost	313 780 076	80 953 479	129 586 720	-	524 320 275
Revaluation	-	-	-	-	-
Accumulated depreciation	(220 564 576)	(39 735 536)	(79 103 780)	-	(339 403 892)
- Cost	(220 564 576)	(39 735 536)	(79 103 780)	-	(339 403 892)
- Revaluation	-	-	-	-	-

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

31 INVESTMENTS (Refer note 13)

		INVESTMENTS			30/06/2007		
INSTITUTION	INVESTMENT NUMBER	DATE	CHEQUE NC	R	INTEREST RATE	PERIOD	MATURITY DATE
ABSA	2066578774	31/01/07	43597	5 000 000	9.40%	6 Months	31/07/07
ABSA	2066578758	31/01/07	43598	5 000 000	9.40%	6 Months	31/07/07
ABSA	2066807244	17/04/2007	48148	5 000 000	9.05%	3 Months	17/07/2007
ABSA	20668807325	17/04/2007	48149	5 000 000	9.30%	6 Months	17/10/2007
ABSA	2066876184	14/05/2007	45359	5 000 000	9.30%	6 Months	14/11/2007
Sub-Totaal		25 000 000					
First National Bank	71127627944	31/01/07	43601	5 000 000	9.40%	6Months	31/07/07
First National Bank	71127627291	31/01/07	43602	5 000 000	9.40%	6Months	31/07/07
First National Bank	71130906814	02/03/07	44267	5 000 000	9.25%	6Months	02/09/07
First National Bank	71130905684	02/03/07	44268	5 000 000	9.25%	6Months	02/09/07
First National Bank	71130906278	02/03/07	44269	5 000 000	9.25%	6Months	02/09/07
First National Bank	71134825391	17/04/2007	48154	5 000 000	9.10%	3 Months	17/07/2007
First National Bank	71134828486	17/04/2007	48155	5 000 000	9.10%	3 Months	17/07/2007
First National Bank	71134827785	17/04/2007	48156	5 000 000	9.32%	6Months	17/10/2007
First National Bank	71138007234	14/05/2007	45362	5 000 000	9.37%	6Months	14/11/2007
First National Bank	71138004363	14/05/2007	45363	5 000 000	9.37%	6Months	14/11/2007
Sub-Totaal		50 000 000					
Standard Bank	89413/360371	07/01/07	43178	5 000 000	9.35%	6 Months	10/07/07
Standard Bank	89413/360372	07/01/07	43179	5 000 000	9.35%	6 Months	10/07/07
Standard Bank	89413/360373	07/01/07	43180	5 000 000	9.35%	6 Months	10/07/07
Standard Bank	89413/360374	31/01/07	43599	5 000 000	9.40%	6 Months	01/08/07
Standard Bank	89413/360375	31/01/07	43600	5 000 000	6.40%	6 Months	01/08/07
Standard Bank	89413/359615	02/03/07	44264	5 000 000	9.25%	6 Months	03/09/07
Standard Bank	89413/359614	02/03/07	44265	5 000 000	9.25%	6 Months	03/09/07
Standard Bank	89413/358464	02/03/07	44266	5 000 000	9.25%	6 Months	03/09/07
Standard Bank	89413358465	17/04/2007	48151	5 000 000	9.30%	6 Months	15/10/2007
Standard Bank	89413360849	17/04/2007	48150	5 000 000	9.05%	3 Months	17/07/07
Standard Bank	89413360850	17/04/2007	48152	5 000 000	9.05%	3 Months	17/07/07
Standard Bank	89413368111	17/04/2007	48153	5 000 000	9.30%	6 Months	15/10/2007
Standard Bank	89413369249	14/05/2007	45360	5 000 000	9.30%	6 Months	14/11/2007
Standard Bank	89413369250	14/05/2007	45361	5 000 000	9.30%	6 Months	14/11/2007
Sub- Totaal		70 000 000					
Nedbank	25320 D Z079 595 2	07/01/07	43184	5 000 000	9.35%	6 Months	09/07/07
Nedbank	25319 D Z079 595 2	07/01/07	43185	5 000 000	9.35%	6 Months	09/07/07
Nedbank	25318 D Z079 595 2	07/01/07	43186	5 000 000	9.35%	6 Months	09/07/07
Nedbank	1806 D Z079 595 2	31/01/07	43607	5 000 000	9.45%	6 Months	31/07/07
Nedbank	1807 D Z079 595 2	31/01/07	43608	5 000 000	9.45%	6 Months	31/07/07
Nedbank	27711 D Z070 595 3	02/03/07	44270	5 000 000	9.35%	6 Months	03/09/07
Nedbank	27710 D Z070 595 3	02/03/07	44272	5 000 000	9.35%	6 Months	03/09/07
Nedbank	6946 D 7566 595 1	17/04/2007	48157	5 000 000	9.35%	6 Months	17/10/2007
Nedbank	9851 D 7566 595 1	14/05/2007	45364	5 000 000	9.35%	6 Months	16/11/2007
Nedbank	9850 D 7566 595 1	14/05/2007	45365	5 000 000	9.35%	6 Months	16/11/2007
Sub-Totaal		50 000 000					
TOTAAL					#####		

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

32 OTHER INCOME

	2 007	2006
	R	R
Saldanha Steel Fund: Laingville	-	37 536
Chalets: Langebaan Resort: Public Contribution	-	1 026 000
Administration Fees	39 214	54 434
Copies	27 380	2 438
Cemetery Fees	220 285	216 808
Housing fund	-	4 205 147
Pest Extermination Fees	-	103
Payment Discount: Creditors	298 874	371 494
Building Plan Fees	2 503 776	756 079
Building Rubble Removal Fees	5 779	4 622
Fire Bridgade Fees	6 739	2 115
VAT System	792 025	-
Contribution: Community Facilities	-	50
Contribution: Rent loss	1 524	1 503
Contribution: Maintenance Fund	13 003	12 757
Contribution: District Union Representative	-	33 897
Contribution: Transnet	42 591	36 519
Summons	465 541	2 170
Departemental Usage	-	181 514
Town Plans and Copies	6 293	8 879
Copy Fees	-	34 285
Land Use Planning	254 096	273 872
Support	-	259 271
Subsidies - Municipal Buildings	-	53 078
Subsidies - Housing	-	4 369 136
Subsidies - Beaches	-	12 486 930
Subsidies - Sewerage Distribution	-	586 085
Subsidies - Solid Waste	-	1 122 807
Subsidies - Water	-	1 767 146
Capital Contributions	9 373 944	7 200 529
Commision on Coin Phones	-	23 932
Commision on Vehicle License Fees	-	2 073 252
PAYE Recovery	-	359 892
Lisences: Commercial	-	1 295
Recreational Facilities Fees	-	6 925
Award: Cleanest Town	-	20 000
Swimmingpool Fees	-	27 086
Debited Out	-	2 539 542
Recoverable Expenditure	-	9 712
Sale of Plett Houses	-	19 298
Sale of Assets	-	2 026 701
Insurance Claims	331 485	292 453
Transport of Dogs to Vet	1 881	2 385
Vehicle Entrances	22 789	20 370
Previous year adjusted	862 172	247 712
Valuation Certificates	156 000	137 308
Application: Licenses	-	-
Phones Councillors / Employees	308 283	-
Sundry	736 207	627 859
	16 469 881	43 542 927

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

33 EXEMPTIONS

**EXEMPTIONS FOR HIGH CAPACITY MUNICIPALITIES IN TERMS OF CLAUSE 2(2) OF GOVERNMENT GAZETTE NOTICE
No. 30013 (Volume 504) dated 29 June 2007 APPLICABLE TO THESE STATEMENTS**

High capacity municipalities must comply with GRAP and GAMAP standards prescribed in General Notice 991 and 992 of 2005, except for the standards or parts of standards as set out below.

Financial reporting standard		Extent of exemption from standard	Progress towards achieving full compliance measured against implementation plan	Extent to which information need to be adjusted for full compliance
GRAP 3	Accounting policies, changes in accounting estimates and errors	Identification and impact of GRAP standards that have been issued but not yet effective and changes to accounting policies [paragraphs 14, 19 and 30-31]	Municipality will review all statements issued, but not yet effective, to assess possible impact which it may have on Financial Statements	Not quantifiable at this stage.
GAMAP 17	Property, plant and equipment (PPE)	Review of useful life of items of PPE recognized in the annual financial statements [paragraphs 59 - 61, and 77]	Will be reviewed during 2007/08 Asset count.	Not quantifiable at this stage.
		Review of depreciation method applied to PPE recognized in the annual financial statements [paragraphs 62 and 77]	The Depreciation method has been reviewed by the Municipality and the conclusion has been reached that the Straightline method is still the most reliable method of recognising depreciation of PPE.	Not quantifiable at this stage.
		Impairment of non-cash-generating assets [paragraphs 64 - 69 and 75(e)(v) - (vi)]	Process for addressing the Municipality's reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
		Impairment of cash-generating assets [paragraphs 63 and 75(e)(v) - (vi)]	Process for addressing the Municipality's reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
IAS 36 (AC 128)	Impairment of assets	Entire standard	Process for addressing the Municipalities reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17	The Municipality is in a position to value its Inventory according to GAMAP 12.	Not quantifiable at this stage.
		The entire standard to the extent that it relates to water stock that was not purchased by the municipality	The Municipality is in a position to value its Inventory according to GAMAP 12.	Not quantifiable at this stage.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	The Municipality will commence with identification and valuation of Investment Properties during the 2007/08 Financial Year	Not quantifiable at this stage.
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard [paragraphs 79(e)(i) - (iii)]	The Municipality will commence with identification and valuation of Investment Properties during the 2007/08 Financial Year	Not quantifiable at this stage.

SALDANHA BAY MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

33 EXEMPTIONS

**EXEMPTIONS FOR HIGH CAPACITY MUNICIPALITIES IN TERMS OF CLAUSE 2(2) OF GOVERNMENT GAZETTE NOTICE
No. 30013 (Volume 504) dated 29 June 2007 APPLICABLE TO THESE STATEMENTS**

High capacity municipalities must comply with GRAP and GAMAP standards prescribed in General Notice 991 and 992 of 2005, except for the standards or parts of standards as set out below.

Financial reporting standard		Extent of exemption from standard	Progress towards achieving full compliance measured against implementation plan	Extent to which information need to be adjusted for full compliance
IAS 17 (AC 105)	Leases	Recognising operating lease payments / receipts on a straight -line basis if the amounts are recognised on the basis of the cash flow in the lease agreement. (SAICA circular 12/06 paragraphs 8 - 11 and paragraphs 33, 34, 50, 51 of IAS 17 / AC105)	The Municipality has identified all leases and all finance leases have been recognised in the FAR. The Municipality currently does not have any leases payable or receivable that requires "smoothing".	Not quantifiable at this stage.
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed	The Municipality will commence with identification of all Intangible assets and to determine its cost prices during the 2007/08 Financial Year	Not quantifiable at this stage.
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 - 119, 120A(c) - (q)]	The Municipality had an Actuarial Valuation done on all its Post Retirement Medical benefits.	Not quantifiable at this stage.
GAMAP 9	Revenue	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. (SAICA circular 09/06 and paragraph 12)	Not Applicable	Not quantifiable at this stage.
IAS 39 (AC 133)	Financial Instruments: Recognition and measurement	Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39 / AC 133)	The municipality will attempt implementing this standard in the 2007/08 Financial Year.	Not quantifiable at this stage.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale [paragraphs 6 - 14, 15 - 29 (in so far as it relates to non-current assets held for sale), 38 - 42]	The municipality will attempt implementing this standard in the 2007/08 Financial Year, specifically the assets held for sale portion.	Not quantifiable at this stage.
IFRS 7 (AC 144)	Financial Instruments: Disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	Disclosure of Financial Instruments will commence in the 2008/09 Financial Year.	Not quantifiable at this stage.
IAS 14 (AC 115)	Segment reporting	Entire standard	The Municipality awaits further guidelines from National Treasury.	Not quantifiable at this stage.
IFRS 8 (AC 145)	Operating segments	Entire standard	The Municipality awaits further guidelines from National Treasury.	Not quantifiable at this stage.
IAS 11 (AC 109)	Construction contracts	Entire standard	The municipality will attempt implementing this standard in the 2007/08 Financial Year.	Not quantifiable at this stage.
IFRS 3 (AC 140)	Business combinations	Entire standard	The Municipality currently has no Private Public Partnerships, Municipal Entities or Joint Ventures.	Not quantifiable at this stage.
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	Entire standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraph 42 - 46 of GAMAP 9	Awaiting further guidelines from National Treasury	Not quantifiable at this stage.

34 FINANCIAL RISK MANAGEMENT

Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as receivables from consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from various levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to consumer debtors. In practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from various sources, the amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors its liquidity position and by ensuring that borrowing facilities are available to meet its cash requirements.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its

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APPENDIX A
SALDANHA BAY MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/06	Received during the period	Redeemed written off during the period	Balance at 30/06/07	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS			-	-	-	-	-	-
			-	-	-	-	-	-
Total long-term loans			-	-	-	-	-	-
ANNUITY LOANS								
Dept. of Water affairs	AA 3701-12-20		200 207	-	14 151	186 056	-	-
Development Bank SA	Project 13435 (Land/Services)		1 922 848	-	325 819	1 597 028	-	-
Development Bank SA	Project 13437 (Roads)		3 289 197	-	553 970	2 735 227	-	-
Development Bank SA	Project 13439 (Water infras.)		831 812	-	142 703	689 110	-	-
Development Bank SA	Project 13440 (Retention Dams)		2 803 313	-	468 153	2 335 161	-	-
Development Bank SA	Project 13441 (Sanitation)		4 760 192	-	790 993	3 969 199	-	-
Development Bank SA	Project 100394		4 493 068	-	428 891	4 064 177	-	-
Development Bank SA	Project 101315/1		5 247 552	-	442 975	4 804 577	-	-
Development Bank SA	Project 101783/1		3 373 248	-	132 583	3 240 666	-	-
Nedbank		5724	3 534 194	-	1 696 650	1 837 544	-	-
Nedbank		5726	5 173 056	-	1 134 533	4 038 523	-	-
Nedbank		5725	4 275 179	-	715 446	3 559 733	-	-
Nedbank		5723	25 193 892	-	1 420 515	23 773 377	-	-
Nedbank		5727	19 720 660	-	1 502 178	18 218 482	-	-
Total annuity loans			84 818 418	-	9 769 559	75 048 859	-	-
LEASE LIABILITY			-	2 795 350	-	2 795 350	-	-
Total Lease Liability			-	2 795 350	-	2 795 350	-	-
TOTAL EXTERNAL LOANS			84 818 418	2 795 350	9 769 559	77 844 209	-	-

APPENDIX B
SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Infrastructure									
ACCESS CONTROL	124 449	74 199		198 648	(86 829)	(10 680)		(97 510)	101 139
AIRPORTS/RADIO	245 200	-		245 200	(245 200)	-		(245 200)	-
BRIDGES, SUBWAY	1 145 055	-		1 145 055	(247 206)	(31 629)		(278 835)	866 220
BUS TERMINALS	1 824 660	-		1 824 660	(677 527)	(61 695)		(739 222)	1 085 438
CAR PARKS	3 360 176	78 111		3 438 287	(2 008 734)	(84 738)		(2 093 473)	1 344 814
FENCING	4 797 721	254 020		5 051 741	(3 584 784)	(608 474)		(4 193 258)	858 483
FOOTWAYS	1 148 460	-		1 148 460	(792 836)	(22 674)		(815 510)	332 950
KERBING	8 474 167	42 605		8 516 772	(2 976 391)	(353 802)		(3 330 194)	5 186 579
LOAD CONTROL EQUIPMENT	129 976	-		129 976	(129 976)	-		(129 976)	-
MAINS	1 349 356	-		1 349 356	(1 197 299)	(15 804)		(1 213 103)	136 253
MAINS	58 414	-		58 414	(58 414)	-		(58 414)	-
METERS	1 293 924	91 035		1 384 959	(827 600)	(42 191)		(869 791)	515 168
OTHER ROADS	60 475 879	1 553 021		62 028 900	(49 692 674)	(1 989 238)		(51 681 912)	10 346 989
PAVING	496 544	34 911		531 455	(380 237)	(10 009)		(390 246)	141 209
PIPELINES	4 023 349	761 789		4 785 137	(50 724)	(66 624)		(117 347)	4 667 790
POWER STATIONS	10 414 489	-		10 414 489	(4 425 432)	(302 396)		(4 727 828)	5 686 662
PUMP STATIONS	62 908	-		62 908	(62 908)	-		(62 908)	-
PURIFICATION WORKS	12 888 175	1 590 839		14 479 015	(8 359 370)	(200 964)		(8 560 333)	5 918 681
RESERVOIRS & TANKS	16 761 216	-		16 761 216	(8 853 082)	(346 657)		(9 199 738)	7 561 478
RUNWAYS	579 132	-		579 132	(579 132)	-		(579 132)	-
SECURITY SYSTEM	958 088	72 419		1 030 507	(863 212)	(47 352)		(910 565)	119 942
SEWERAGE PUMPS	909 549	-		909 549	(204 464)	(55 910)		(260 374)	649 176
SEWERS	51 978 807	900 807		52 879 614	(36 337 503)	(1 025 297)		(37 362 800)	15 516 814
STORMWATER DRAINAGE	8 452 742	-		8 452 742	(5 196 722)	(172 553)		(5 369 276)	3 083 467
STREET LIGHTING	4 622 536	396 632		5 019 168	(2 343 308)	(142 747)		(2 486 055)	2 533 113
STREET NAMES	627 558	61 361		688 919	(343 543)	(39 662)		(383 205)	305 714
SUPPLY/RETICULATION	65 900 530	1 939 564		67 840 093	(54 842 361)	(684 711)		(55 527 072)	12 313 022
SUPPLY/RETICULATION	47 049 795	-		47 049 795	(33 940 995)	(1 119 886)		(35 060 881)	11 988 914
SWITCHGEAR EQUIPMENT	632 882	-		632 882	(381 987)	(15 295)		(397 282)	235 600
TAXIWAYS	542 387	103 000		645 387	(431 532)	(13 498)		(445 029)	200 358
TRAFFIC ISLANDS	293 328	-		293 328	(293 328)	-		(293 328)	-
TRAFFIC LIGHTS	155 222	-		155 222	(76 288)	(6 582)		(82 870)	72 352
TRANSFORMER KIOSK	493 193	26 320		519 513	(72 979)	(15 047)		(88 026)	431 487
	312 269 868	7 980 631	-	320 250 499	(220 564 576)	(7 486 115)	-	(228 050 691)	92 199 809
Community Assets									
BEACH DEVELOPMENT	28 576 986	7 365 565	-	35 942 551	(10 336 276)	(202 047)		(10 538 322)	25 404 228
CEMETERIES	2 441 788	72 379	-	2 514 167	-	-			2 514 167
CLINICS/HOSPITALS	2 156 524	-	-	2 156 524	(1 916 659)	(13 074)		(1 929 733)	226 791
COMMUNITY			-						-
COMMUNITY CENTRE	9 668 036	-	-	9 668 036	(6 795 006)	(134 960)		(6 929 966)	2 738 069
FLOODLIGHTING	143 022	50 016	-	193 037	(4 587)	(7 151)		(11 739)	181 299
GOLF COURSES	480 616	-	-	480 616	(397 395)	(16 681)		(414 075)	66 540
HERITAGE BUILDINGS	10 485	-	-	10 485	-	-			10 485
INFORMAL HOUSING	3 936 063	192 600	-	4 128 663	(170 633)	(5 654)		(176 287)	3 952 376
LIBRARIES	1 950 645	-	-	1 950 645	(1 843 542)	(5 506)		(1 849 048)	101 597
MUNICIPAL BUILDINGS	7 504 143	185 672	-	7 689 815	(3 338 362)	(117 021)		(3 455 383)	4 234 432
MUNICIPAL HOUSES	7 521 175	-	-	7 521 175	(3 611 621)	(207 197)		(3 818 818)	3 702 357
OUTDOOR SPORTS	7 266 946	147 932	-	7 414 878	(5 396 767)	(126 220)		(5 522 987)	1 891 891
PARKS	2 187 460	139 671	-	2 327 130	(815 366)	(62 423)		(877 789)	1 449 341
PUBLIC CONVENIENCE	3 162 994	174 831	-	3 337 825	(2 371 654)	(33 655)		(2 405 309)	932 516
RECREATION CENTRE	481 763	199 345	-	681 108	-	(5 722)		(5 722)	675 385
SWIMMING POOLS	2 363 754	-	-	2 363 754	(2 110 998)	(15 741)		(2 126 740)	237 015
TENNIS COURTS	985 769	-	-	985 769	(626 669)	(32 208)		(658 878)	326 892
	80 838 168	8 528 010	-	89 366 178	(39 735 536)	(985 261)	-	(40 720 797)	48 645 381
Total carried forward	393 108 036	16 508 641	-	409 616 677	(260 300 112)	(8 471 375)	-	(268 771 487)	140 845 190

APPENDIX B (continued)
SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	393 108 036	16 508 641	-	409 616 677	(260 300 112)	(8 471 375)	-	(268 771 487)	140 845 190
Other Assets									
ABATTOIRS	230 000	-		230 000	(230 000)	-		(230 000)	-
AIR CONDITIONERS	249 946	-		249 946	(211 644)	(16 602)		(228 246)	21 700
AUDIO EQUIPMENT	41 975		(11 964)	30 011	(41 975)	-	11 964	(30 011)	-
BULK CONTAINERS	2 969 311	498 348		3 467 659	(1 600 914)	(221 627)		(1 822 541)	1 645 118
BUSES	274 980	-		274 980	(7 484)	(18 332)		(25 816)	249 165
CABINETS/CUPBOARDS	199 232	12 719		211 951	(157 966)	(9 835)		(167 801)	44 150
CARAVAN PARKS	10 652 596	53 634		10 706 230	(9 593 337)	(42 443)		(9 635 781)	1 070 449
CHAIRS	235 044	49 362		284 406	(159 391)	(19 534)		(178 925)	105 481
COMPRESSORS	45 162	-		45 162	(45 162)	-		(45 162)	-
COMPUTER HARDWARE	6 891 056	449 812	(2 714)	7 338 154	(5 599 587)	(494 005)	1 087	(6 092 505)	1 245 649
COMPUTER SOFTWARE	2 103 993	179 533		2 283 527	(1 626 933)	(236 297)		(1 863 229)	420 297
ELECTRICAL EQUIPMENTS	4 586 450	1 233 497		5 819 947	(558 172)	(668 396)		(1 226 567)	4 593 379
EQUIPMENT/APPARATUS	437 578	-		437 578	(331 268)	(35 379)		(366 647)	70 931
FARM EQUIPMENT	599	-		599	(599)	-		(599)	-
FARMS	416 536	-		416 536	(416 536)	-		(416 536)	-
FIRE	63 316	-		63 316	(60 239)	(344)		(60 584)	2 732
FIRE ENGINES	1 131 410	-		1 131 410	(687 735)	(34 150)		(721 886)	409 525
GENERAL	6 150 365	12 790 957		18 941 322	(1 569 901)	(632 383)		(2 202 283)	16 739 039
GENERATOR	257 766	-		257 766	(219 718)	(20 916)		(240 634)	17 132
GRADERS	4 195 264	956 914		5 152 178	(2 504 259)	(339 564)		(2 843 823)	2 308 356
HOUSEHOLD REFUSE	729 840	-		729 840	(122 774)	(145 968)		(268 742)	461 098
HOUSING SCHEMES	3 446 766	694 306	(694 514)	3 446 558	(1 337 147)	(64 522)	10	(1 401 659)	2 044 899
IRRIGATION SYSTEMS	1 478 340	52 837		1 531 177	(1 030 886)	(48 715)		(1 079 601)	451 576
LAWNMOWERS	1 085 188	7 600	(18 351)	1 074 437	(552 257)	(321 568)	1 281	(872 543)	201 893
MARKETS	1 434 363	-		1 434 363	(1 361 571)	(3 833)		(1 365 405)	68 958
MILLING EQUIPMENTS	4 311	-		4 311	(208)	(287)		(495)	3 816
MISCELLANEOUS	1 373 861	75 064	(51 460)	1 397 466	(802 859)	(106 548)	51 460	(857 947)	539 519
MIXER - CONCRETE	89 596	-		89 596	(87 412)	(2 185)		(89 596)	-
MOTOR CYCLES	7 712	-		7 712	(7 712)	-		(7 712)	-
MOTOR VEHICLES	2 498 595	2 292 470	(194 352)	4 596 712	(2 304 934)	(280 273)	194 352	(2 390 855)	2 205 857
OFFICE MACHINES	376 580	2 217 248	(29 920)	2 563 908	(345 358)	(2 027 991)	29 920	(2 343 429)	220 479
OFFICE BUILDINGS	17 155 028	947 046		18 102 074	(10 041 286)	(333 380)		(10 374 666)	7 727 408
OTHER LAND	400 409	-		400 409	-	-		-	400 409
POUND VEHICLES	-	148 331		148 331	-	(4 714)		(4 714)	143 617
PUMPS	-	771 732		771 732	-	-		-	771 732
RADIO EQUIPMENT	2 261 033	53 301		2 314 334	(1 960 133)	(133 111)		(2 093 244)	221 090
ROAD MAINTENANCE	829 552	78 546		908 098	(500 619)	(46 997)		(547 617)	360 481
TABLES/DESKS	106 792	44 567		151 359	(71 002)	(12 017)		(83 018)	68 341
TELECOMMUNICATION	130 342	636 500		766 842	(129 394)	(127 490)		(256 884)	509 958
TIP SITES	329 975	-		329 975	(316 616)	(514)		(317 130)	12 845
TIPPERS	503 837	-		503 837	(18 497)	(33 589)		(52 086)	451 751
TOOLS	167 798	9 133		176 931	(114 440)	(22 681)		(137 120)	39 811
TOWN PLANNING	4 628 842	272 661		4 901 504	(3 845 262)	(314 080)		(4 159 342)	742 162
TRACTORS	1 482 271	-		1 482 271	(1 378 963)	(42 276)		(1 421 238)	61 032
TRAILERS	890 419	194 990		1 085 409	(670 400)	(77 058)		(747 458)	337 951
TRAINING CENTRE	73 865	-		73 865	(2 469)	(2 462)		(4 931)	68 934
TRUCKS/BAKKIES	29 034 362	3 204 679	(39 577)	32 199 465	(20 717 735)	(3 110 543)	39 577	(23 788 701)	8 410 764
VACANT LAND	10 945 077	-		10 945 077	-	-		-	10 945 077
VALUATION ROLL	55 838	-		55 838	(55 838)	-		(55 838)	-
WORKSHOPS/DEPOT	6 692 867	-		6 692 867	(5 705 189)	(91 072)		(5 796 261)	896 606
	129 346 041	27 925 786	(1 042 852)	156 228 975	(79 103 780)	(10 143 679)	329 651	(88 917 808)	67 311 167
Total carried forward	522 454 077	44 434 428	(1 042 852)	565 845 652	(339 403 892)	(18 615 055)	329 651	(357 689 295)	208 156 357

APPENDIX B (continued)
SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	522 454 077	44 434 428	(1 042 852)	565 845 652	(339 403 892)	(18 615 055)	329 651	(357 689 295)	208 156 357
WORKS-IN-PROGRESS									
CABINETS/CUPBOARDS	-	-			-	-			-
CARAVAN PARKS	-	-			-	-			-
CEMETERIES	-	98 900		98 900	-	-			98 900
CHAIRS	-	1 212		1 212	-	-			1 212
COMPUTER HARDWARE	-	-			-	-			-
COMPUTER SOFTWARE	-	458 480		458 480	-	-			458 480
ELECTRICAL EQUIPMENT	-	26 519		26 519	-	-			26 519
EQUIPMENT/APPARATUS	-	-			-	-			-
GENERAL	141 351	136 586		277 937	-	-			277 937
HOUSING SCHEMES	99 327	3 298 670	(3 199 161)	198 836	-	-			198 836
INFORMAL HOUSING	115 311	-		115 311	-	-			115 311
MISCELLANEOUS	-	2 016 942		2 016 942	-	-			2 016 942
MOTOR VEHICLES	-	-			-	-			-
MUNICIPAL BUILDINGS	-	-			-	-			-
OFFICE MACHINES	-	-			-	-			-
OFFICE BUILDINGS	-	-			-	-			-
OTHER ROADS	-	1 562 948		1 562 948	-	-			1 562 948
PIPELINES	-	636 288		636 288	-	-			636 288
PURIFICATION WORKS	709 429	4 391 760		5 101 189	-	-			5 101 189
RESERVOIRS & TANKS	800 778	3 633 073		4 433 852	-	-			4 433 852
SECURITY SYSTEM	-	72 806		72 806	-	-			72 806
SEWERS	-	2 227 000		2 227 000	-	-			2 227 000
STORMWATER DRAINAGE	-	972 135		972 135	-	-			972 135
STREET LIGHTING	-	-			-	-			-
SUPPLY/RETICULATION	-	-			-	-			-
TABLES/DESKS	-	-			-	-			-
	1 866 197	19 533 318	(3 199 161)	18 200 355	-	-	-	-	18 200 355
Grand Total	524 320 275	63 967 745	(4 242 013)	584 046 007	(339 403 892)	(18 615 055)	329 651	(357 689 295)	226 356 712

APPENDIX C
SALDANHA BAY MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2007

	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Executive & Council	964 044	1 628	-	-	(66 923)	898 749	(563 858)	(59 403)	-	66 923	(556 338)	342 411
Finance & Admin	19 770 333	3 121 320	458 480	172 465	(72 212)	23 450 386	(7 972 556)	(2 230 446)	(241 228)	70 585	(10 373 646)	13 076 740
Planning & Development	6 390 578	1 174 874	-	(62 635)	-	7 502 817	(4 986 606)	(938 286)	131 398	-	(5 793 494)	1 709 323
Health	1 464 253	-	-	(109 830)	(21 000)	1 333 423	(1 407 986)	(24 279)	109 830	21 000	(1 301 436)	31 987
Community & Social Services	125 286 498	10 495 453	238 752	-	(81 774)	135 938 929	(75 473 475)	(3 318 956)	-	64 705	(78 727 726)	57 211 204
Housing	8 132 008	1 045 911	3 342 506	-	(3 893 675)	8 626 750	(1 764 791)	(91 196)	-	10	(1 855 978)	6 770 772
Public Safety	5 994 322	1 322 671	-	-	(106 429)	7 210 563	(3 159 116)	(324 358)	-	106 429	(3 377 046)	3 833 518
Waste Management	61 325 626	9 887 341	8 662 617	2 885 178	-	82 760 761	(28 209 651)	(3 064 174)	(2 885 178)	-	(34 159 002)	48 601 759
Road Transport	102 717 810	8 655 912	2 535 083	-	-	113 908 804	(71 742 996)	(4 395 613)	-	-	(76 138 610)	37 770 195
Water	74 343 672	4 449 278	4 269 361	-	-	83 062 311	(46 499 842)	(1 980 493)	-	-	(48 480 335)	34 581 976
Electricity	85 762 470	4 192 607	26 519	-	-	89 981 596	(66 053 223)	(2 135 804)	-	-	(68 189 028)	21 792 568
Other	32 168 661	87 434	-	(2 885 178)	-	29 370 916	(31 569 791)	(52 044)	2 885 178	-	(28 736 658)	634 259
TOTAL	524 320 275	44 434 428	19 533 318	-	(4 242 013)	584 046 007	(339 403 892)	(18 615 055)	-	329 651	(357 689 295)	226 356 712

APPENDIX D
SALDANHA BAY MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)	Sub Function	2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)
R	R	R		R	R	R
12 749 371	17 617 247	(4 867 876)	Executive & Council	16 234 258	26 540 216	(10 305 958)
75 426 423	27 117 144	48 309 279	Finance & Admin	87 153 552	21 334 591	65 818 961
1 072 774	3 720 620	(2 647 846)	Planning & Development	3 289 043	6 765 850	(3 476 807)
3 824 235	3 775 948	48 287	Health	2 707 524	2 725 567	(18 043)
456 158	6 662 501	(6 206 343)	Community & Social Services	13 820 213	26 057 516	(12 237 303)
8 908 169	1 266 391	7 641 779	Housing	14 916 853	16 411 153	(1 494 300)
28 010	1 147 572	(1 119 562)	Public Safety	2 772 618	5 108 095	(2 335 477)
18 894 706	13 424 398	5 470 308	Sport & Recreation	-	-	-
134 195	10 621	123 574	Environmental Protection	-	-	-
36 518 282	24 683 693	11 834 588	Waste Management	44 190 507	35 403 681	8 786 826
10 510 023	21 981 004	(11 470 981)	Road Transport	9 380 224	23 984 171	(14 603 947)
64 699 124	37 030 917	27 668 208	Water	71 460 857	47 453 870	24 006 987
67 630 906	59 126 287	8 504 619	Electricity	82 744 193	61 030 375	21 713 818
2 853 043	12 281 743	(9 428 700)	Other	3 152 395	1 021 577	2 130 818
303 705 419	229 846 086	73 859 333	Sub Total	351 822 237	273 836 662	77 985 575
-	(10 772 611)	10 772 611	Less Inter-Dep Charges	-	(10 545 698)	10 545 698
303 705 419	219 073 475	84 631 944	Total	351 822 237	263 290 964	88 531 273
		-	Add: Share of Associate			-
		84 631 944				88 531 273

APPENDIX E(1)
SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	63 224 438	66 168 846	(2 944 408)	-4.4%	
Property rates - penalties imposed and collection charges	2 100 960	1 842 177	258 783	14.0%	<i>Higher interest recovery on outst. Rates than anticipated</i>
Service charges	180 086 649	168 676 724	11 409 925	6.8%	
Rental of facilities and equipment	7 602 685	7 735 366	(132 681)	-1.7%	
Interest earned - external investments	17 935 326	9 864 063	8 071 263	81.8%	<i>More positive cashflow than originally anticipated</i>
Interest earned - outstanding debtors	2 545 480	2 663 455	(117 975)	-4.4%	
Fines	1 935 036	4 351 689	(2 416 653)	-55.5%	<i>Speedcameras add.inc. only effective towards yearend</i>
Licences and permits	798 292	821 046	(22 754)	-2.8%	
Income for agency services	2 252 578	2 035 254	217 324	10.7%	<i>Actual income higher than anticipated</i>
Government grants and subsidies	53 290 524	53 106 727	183 797	0.3%	
Other income	16 469 881	18 910 105	(2 440 224)	-12.9%	<i>Actual income lower than anticipated</i>
Public contributions, donated/contributed PPE	2 773 069	89 629	2 683 440	2993.9%	<i>Financing of capital expenditure during the year</i>
Gains on disposal of property, plant and equipment	807 320	-	807 320	0.0%	
Total Revenue	351 822 237	336 265 081	15 557 156	4.6%	
EXPENDITURE					
Executive & Council	26 540 216	36 422 064	(9 881 848)	-27.1%	<i>Actual Expenditure lower than Anticipated</i>
Finance & Admin	21 334 591	30 247 413	(8 912 822)	-29.5%	<i>Actual Expenditure lower than Anticipated</i>
Planning & Development	6 765 850	7 506 542	(740 692)	-9.9%	
Health	2 725 567	5 081 476	(2 355 909)	-46.4%	<i>Actual Expenditure lower than Anticipated</i>
Community & Social Services	26 057 516	38 036 002	(11 978 486)	-31.5%	<i>Actual Expenditure lower than Anticipated</i>
Housing	16 411 153	21 339 101	(4 927 948)	-23.1%	<i>Actual Expenditure lower than Anticipated</i>
Public Safety	5 108 095	6 214 971	(1 106 876)	-17.8%	<i>Actual Expenditure lower than Anticipated</i>
Sport & Recreation	-	-	-	0.0%	
Environmental Protection	-	-	-	0.0%	
Waste Management	35 403 681	37 153 547	(1 749 866)	-4.7%	
Road Transport	23 984 171	27 209 851	(3 225 680)	-11.9%	<i>Actual Expenditure lower than Anticipated</i>
Water	47 453 870	50 232 922	(2 779 052)	-5.5%	
Electricity	61 030 375	68 098 087	(7 067 712)	-10.4%	<i>Actual Expenditure lower than Anticipated</i>
Other	1 021 577	1 151 551	(129 974)	-11.3%	<i>Actual Expenditure lower than Anticipated</i>
Inter-departmental charges	(10 545 698)	(10 543 084)	(2 614)	0.0%	
Total Expenditure	263 290 964	318 150 443	(54 859 479)	-17.2%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	88 531 273	18 114 638	70 416 635	388.7%	

APPENDIX E(1)
SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	2006 Actual (R)	2006 Budget (R)	2006 Variance (R)	2006 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	58 544 816	55 634 107	2 910 709	5.2%	<i>Budget not final GRAP format.</i>
Property rates - penalties imposed and collection charges	1 375 360	1 308 000	67 360	5.1%	<i>Budget not final GRAP format.</i>
Service charges	157 373 581	155 290 752	2 082 829	1.3%	<i>Budget not final GRAP format.</i>
Regional Services Levies - turnover	-	-	-	0.0%	<i>Budget not final GRAP format.</i>
Regional Services Levies - remuneration	-	-	-	0.0%	<i>Budget not final GRAP format.</i>
Rental of facilities and equipment	6 752 572	6 164 595	587 977	9.5%	<i>Budget not final GRAP format.</i>
Interest earned - external investments	12 154 919	-	12 154 919	0.0%	<i>Budget not final GRAP format.</i>
Interest earned - outstanding debtors	1 882 408	1 065 899	816 509	76.6%	<i>Budget not final GRAP format.</i>
Dividends received	-	-	-	0.0%	<i>Budget not final GRAP format.</i>
Fines	2 803 540	3 141 160	(337 620)	-10.7%	<i>Budget not final GRAP format.</i>
Licences and permits	1 095 598	1 028 000	67 598	6.6%	<i>Budget not final GRAP format.</i>
Income for agency services	132 268	-	132 268	0.0%	<i>Budget not final GRAP format.</i>
Government grants and subsidies	18 047 430	9 928 402	8 119 028	81.8%	<i>Budget not final GRAP format.</i>
Other income	43 542 927	21 967 013	21 575 914	98.2%	<i>Budget not final GRAP format.</i>
Public contributions, donated/contributed PPE	-	-	-	0.0%	<i>Budget not final GRAP format.</i>
Gains on disposal of property, plant and equipment	-	-	-	0.0%	<i>Budget not final GRAP format.</i>
Total Revenue	303 705 419	255 527 928	48 177 491	18.9%	<i>Budget not final GRAP format.</i>
EXPENDITURE					
Executive & Council	17 617 247	19 520 491	(1 903 244)	-9.7%	<i>Budget not final GRAP format.</i>
Finance & Admin	27 117 144	29 426 715	(2 309 571)	-7.8%	<i>Budget not final GRAP format.</i>
Planning & Development	3 720 620	3 704 894	15 726	0.4%	<i>Budget not final GRAP format.</i>
Health	3 775 948	4 965 091	(1 189 143)	-24.0%	<i>Budget not final GRAP format.</i>
Community & Social Services	6 662 501	7 542 327	(879 826)	-11.7%	<i>Budget not final GRAP format.</i>
Housing	1 266 391	1 191 309	75 082	6.3%	<i>Budget not final GRAP format.</i>
Public Safety	1 147 572	1 348 149	(200 577)	-14.9%	<i>Budget not final GRAP format.</i>
Sport & Recreation	13 424 398	13 169 061	255 337	1.9%	<i>Budget not final GRAP format.</i>
Environmental Protection	10 621	51 191	(40 570)	-79.3%	<i>Budget not final GRAP format.</i>
Waste Management	24 683 693	28 400 010	(3 716 317)	-13.1%	<i>Budget not final GRAP format.</i>
Road Transport	21 981 004	23 065 036	(1 084 032)	-4.7%	<i>Budget not final GRAP format.</i>
Water	37 030 917	38 324 262	(1 293 345)	-3.4%	<i>Budget not final GRAP format.</i>
Electricity	59 126 287	59 292 904	(166 617)	-0.3%	<i>Budget not final GRAP format.</i>
Other	12 281 743	7 609 788	4 671 955	61.4%	<i>Budget not final GRAP format.</i>
Inter-departmental charges	(10 772 611)	(10 772 738)	127	0.0%	<i>Budget not final GRAP format.</i>
Total Expenditure	219 073 475	226 838 490	(7 765 015)	-3.4%	<i>Budget not final GRAP format.</i>
NET SURPLUS/(DEFICIT) FOR THE YEAR	84 631 944	28 689 438	55 942 506	195.0%	<i>Budget not final GRAP format.</i>

APPENDIX E(2)
SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	1 628	-	1 628	2 000	(372)	-18.6%	Lower prices obtained than anticipated
Finance & Admin	3 121 320	458 480	3 579 800	1 603 149	1 976 651	123.3%	Expenditure higher than anticipated
Planning & Development	1 174 874	-	1 174 874	748 321	426 553	57.0%	Expenditure higher than anticipated
Health	-	-	-	-	-	0.0%	
Community & Social Services	10 495 453	238 752	10 734 205	11 685 733	(951 528)	-8.1%	Expenditure lower than anticipated
Housing	1 045 911	3 342 506	4 388 417	27 350 945	(22 962 528)	-84.0%	Subsidies budgeted for, but not received
Public Safety	1 322 671	-	1 322 671	1 534 034	(211 363)	-13.8%	Expenditure lower than anticipated
Waste Management	9 887 341	8 662 617	18 549 957	18 115 763	434 194	2.4%	
Road Transport	8 655 912	2 535 083	11 190 995	7 347 326	3 843 669	52.3%	Expenditure higher than anticipated
Water	4 449 278	4 269 361	8 718 639	8 072 745	645 894	8.0%	Expenditure higher than anticipated
Electricity	4 192 607	26 519	4 219 126	5 517 946	(1 298 820)	-23.5%	Expenditure lower than anticipated
Other	87 434	-	87 434	50 000	37 434	74.9%	Expenditure higher than anticipated
Total	44 434 428	19 533 318	63 967 745	82 027 962	(18 060 217)	-22.0%	

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received for the Financial Year ended 30 June 2007

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
		R	R	R	R	R	R	R	R							
MIG	DORA	800 000	1 105 355	-	2 623 000	261 119	536 978	332 146	758 759	-	-	-	-	-	Yes	N/A
Housing	Dept. of Housing	3 589 500	1 683 500	1 709 500	9 940 633	1 347 526	2 941 640	3 232 611	7 142 785	-	-	-	-	-	Yes	N/A
SOF	West Coast District Municipality	1 526 993	-	36 416	64 193	507 020	30 084	19 440	38 538	-	-	-	-	-	Yes	N/A
Environmental	Dept. of Environmental Affairs	692 330	698 454	3 273 573	1 434 589	1 277 083	3 134 834	770 143	2 183 503	-	-	-	-	-	Yes	N/A
Social Dev	Dept. of Social Development	-	-	250 000	-	-	-	-	-	-	-	-	-	-	Yes	N/A
National Imbizo Week	Premier of W / Cape	-	-	-	35 604	-	-	-	-	-	-	-	-	-	Yes	N/A
Transport	Dept. of Transport	-	-	-	40 000	-	-	-	40 000	-	-	-	-	-	Yes	N/A
Culture	Dept. of Culture	-	-	1 730 000	-	-	-	-	-	-	-	-	-	-	Yes	N/A
FMG	DORA	500 000	-	-	-	85 676	33 616	46 494	65 546	-	-	-	-	-	Yes	N/A
Dept Min & En	Dept. of Minerals and Energy	-	-	-	-	-	-	-	1 526 624	-	-	-	-	-	Yes	N/A
Health	Dept. of Health	224 301	229 895	1 160 078	1 093 112	676 847	676 847	676 847	676 847	-	-	-	-	-	Yes	N/A
Equitable Share	DORA	3 624 756	2 718 023	5 088 615	-	1 015 616	897 487	854 055	7 310 567	-	-	-	-	-	Yes	N/A
		10 957 880	6 435 228	13 248 182	15 231 131	5 170 888	8 251 486	5 931 735	19 743 169	-	-	-	-			

APPENDIX G
SALDANHA BAY MUNICIPALITY: STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

	2006 / 2007	2005 / 2006	2004 / 2005	2003 / 2004
General Statistics				
Population	95 748	90 972	85 823	85 900
Number of registered voters	38 131	38 131	36 289	36 463
Area (km²)	1 767	1 767	1 767	1 768
Total Valuations				
- Taxable (R million)	4 687	4 322	3 986	3 830
- None Taxable (R million)	114	136	136	136
- Residential (R million)	2 959	2 650	2 384	2 166
- General Residential (R million)	112	98	88	33
- Business (R million)	279	279	285	268
- Industrial (R million)	341	332	364	306
- Transnet/Spoornet/Portnet (R million)	46	8	46	46
- Public Works (R million)	306	369	364	364
- Telkom (R million)	4	4	4	4
- Provincial Administration (R million)	42	43	43	42
- Small Holdings (R million)	95	78	67	51
- Agriculture (R million)	224	176	156	165
- Other (R million)	279	285	185	385
Valuation Date	01/01/2001	01/01/2001	01/01/2001	01/01/2001
Last general valuation came into effect on 1 July 2002.				
Number of sites				
Number of sites valued	31 572	30 062	28 462	27 157
- Residential	25 329	25 288	24 026	23 979
- Public Works	289	253	278	278
- Telkom	6	6	4	4
- Provincial Administration	28	25	29	29
- Small Holdings	539	503	463	460
- Agriculture	790	765	629	623
- Other	4 591	3 222	3 033	1 784
Assesment Rates				
Previous WCPTC area				
General : Land	4.3615 s/R	4.2306 s/R	3.9729 s/R	3.7656 s/R
: Buildings	1.4538 s/R	1.4102 s/R	1.3243 s/R	1.2552 s/R
<u>Other : Tariffs lower than general with the following % :</u>				
- : single residential	50%	50%	50%	50%
- : small holdings	50%	50%	50%	50%
- : Agriculture	97%	97%	50%	50%
- : Nature Reserves	75%	75%	75%	75%
Previous Langebaan area				
General : Land	4.3615 s/R	4.2306 s/R	3.3237 s/R	2.6358 s/R
: Buildings	1.4538 s/R	1.4102 s/R	1.1079 s/R	0.8786 s/R
Previous Hopefield area				
General : Land	4.3615 s/R	4.2306 s/R	3.9729 s/R	3.7656 s/R
: Buildings	1.4538 s/R	1.4102 s/R	1.3243 s/R	1.2552 s/R
<u>Pensioners :Tariff lower than single residential with the following %</u>				
not exceeding income of R19 680 p.a.	40%	40%	40%	40%
not exceeding income of R21 600 p.a.	30%	30%	30%	30%
not exceeding income of R23 800 p.a.	20%	20%	20%	20%
Number of employees in service:	802	766	778	777
Cleansing statistics				
Km completed(Sewerage vehicles excluded from 2004/5)	284 987	501 864	489 210	592 726
Refuse removed (m³)	142 179	136 912	131 051	113 445
Cost per m³ removed	89.52	83.41	114.26	108.86
Income per m³ removed	112.83	123.86	111.40	120.37
Number of removals per month	24 579	24 147	23 218	22 492
Sewerage Statistics				
Sewerage water purification (MI)	3 335	2 900	3 052	2 710
Cost per kl purified	4.25	2.90	3.85	3.17
Income per kl purified	7.50	5.09	4.33	4.05
Electricity Statistics				
Units (kWh) purchased ('000)	215 349	207 648	202 168	194 975
Purchase cost : cent per kWh	17.01	20.28	17.17	17.51
Units (kWh) sold ('000)	194 278	187 288	183 780	173 618
Units (kWh) lost				
with distribution ('000)	21 071	20 359	18 388	21 357
Percentage loss on distribution.	9.78	9.80	9.10	10.95
Cost per unit sold	0.30	0.30	0.28	0.27
Income per unit sold	0.43	0.36	0.34	0.34
Number of consumers	18 793	18 531	18 222	17 349
Water statistics				
Kl purchased ('000)	12 624	11 554	10 883	11 684
Purchase cost per kl	2.28	2.24	1.85	1.78
Kl sold ('000)	10 914	10 975	10 094	10 420
Kl lost on distribution ('000)	1 710	578	789	1 264
Percentage loss on distribution.	13.55	5.01	7.25	10.82
Cost per Kl sold	4.08	3.21	3.80	3.49
Income per Kl sold	6.55	5.41	5.37	4.73
Number of consumers	21 728	21 179	20 634	20 260